

State of Maine
Office of Securities
121 State House Station
Augusta, Maine, 04333-0121

In Re:
Lindon S. Brown II

Consent Order
11-7753

This is an order of the Securities Administrator issued under 32 M.R.S.A. § 16412 with the consent of Lindon S. Brown II ("Brown") (CRD# 1130893). Brown neither admits nor denies the Findings of Fact and Conclusions of Law set forth below, but agrees to the entry of this Consent Order, agrees that it shall have the same effect as an order issued after hearing, and waives his right to a hearing and to judicial review. Brown further agrees that he shall be precluded from disputing the Findings of Fact and Conclusions of Law as set forth herein in any other licensing proceeding in the State of Maine.

I. FINDINGS OF FACT

1. Brown is a resident of Bangor, Maine. At all relevant times until July 18, 2011, Brown was an agent and investment adviser representative of Commonwealth Financial Network, ("CFN"), in Bangor, Maine.
2. On or about January 11, 2011, Brown participated in private securities transactions without providing prior written notice to, and obtaining prior approval from CFN.
3. Brown facilitated the sale of approximately \$300,000 in promissory notes and common stock of Hydro Phi Technologies, Inc. of Doraville, Georgia to four Maine investors, three of whom were customers of CFN. The promissory notes and common stock were securities.
4. On July 12, 2011, as a result of a routine branch audit by CFN, the firm discovered that Brown had facilitated an unapproved investment for at least three CFN clients. Brown was permitted to resign from CFN on July 18, 2011.
5. On July 9, 2012, Brown entered into an Acceptance, Waiver, & Consent ("AWC") with FINRA. The AWC included a fine of \$5,000 and a suspension from July 16, 2012, until October 15, 2012.

II. CONCLUSIONS OF LAW

1. The Maine Uniform Securities Act grants authority to the Securities Administer to take disciplinary action against a licensed person who has engaged in unlawful, dishonest, or unethical practices in the securities business. Under that authority, the Securities Administrator may "revoke, suspend, condition or limit the license of a licensee." She may also "censure, impose a bar on or impose a civil fine in an amount not to exceed a maximum of \$5,000 per violation on a licensee." 32 M.R.S. §16412(1)-(4).
2. Rule Chapter 504(8) lists practices that are considered to be "dishonest or unethical" under 32 M.R.S.A. § 16412(4)(M) if committed by a broker-dealer or agent. Among the "dishonest or unethical practices" listed are: "as an agent, effecting a securities transaction where the transaction is not recorded on the regular books or records of the broker-dealer that the agent represents, unless the broker-dealer has given advance written authorization;" except under certain circumstances not present here.
3. By facilitating the sale of a security that was not approved by CFN, Brown engaged in "dishonest or unethical practices" under 32 M.R.S.A. § 16412(4)(M) and Rule Chapter 504.
4. This Consent Order is in the public interest because it will protect Maine investors by deterring future misconduct by Brown and others and by fostering public confidence in the securities industry.

III. ORDER

1. Brown shall pay a civil fine of \$2,000. The fine is to be paid via check made payable to "Treasurer, State of Maine" and is due at the time Brown returns the Consent Order containing his signature to the Office of Securities. Failure to include payment in full with his signed copy of the Consent Order will suspend final execution of this Order by the Securities Administrator, at her discretion, until payment is received in full.
2. Should Brown become licensed in Maine as an agent, investment adviser, or investment adviser representative, any such license shall be subject to the following conditions and restrictions for a period of two years from the date of first becoming licensed:
 - a. Brown will not act in any principal, supervisory, or managerial capacity for a broker-dealer or investment adviser;
 - b. After learning of any investigation or proceeding initiated by any regulatory body, or written or oral customer complaint against him arising out of activities in the securities, insurance, or finance industry, Brown shall immediately send written notification to the Office of Securities and within 15 days provide the Office with copies of any written, electronic or other materials in his possession involving the investigation, proceeding or complaint;

- c. Any broker-dealer or investment adviser with which Brown is associated shall assign as Brown's supervisor an appropriately Maine-licensed person approved in advance by the Office; and
 - d. Any other conditions the Securities Administrator deems appropriate at the time of any new licensure.
3. Except as set forth above, the Securities Administrator agrees to take no action adverse to Brown based solely on the same conduct addressed in this Consent Order. However, nothing in this Consent Order shall preclude the Securities Administrator from: (a) taking adverse action based at least in part on other conduct; (b) taking this Consent Order and the conduct described above into account in determining the proper resolution of any action based on other conduct; or (c) taking any and all available steps to enforce this Consent Order.

Brown, by signing below, neither admits nor denies the Findings of Fact and Conclusions of Law set forth above, but agrees to the entry of this Consent Order, agrees that it shall have the same effect as an order issued after hearing, waives his right to a hearing and to judicial review, and agrees that he shall be precluded from disputing the Findings of Fact and Conclusions of Law as set forth herein in any other licensing proceeding in the State of Maine.

Date: Sept 04, 2012 Lindon S. Brown II
Lindon S. Brown II

Date: Sept. 24, 2012 Judith M. Shaw
Judith M. Shaw
Securities Administrator